

**MINUTES
of the
SENATE JOINT MEMORIAL 1 HEALTH CARE REFORM WORKING GROUP**

**October 4, 2010
Room 322, State Capitol
Santa Fe**

The final meeting of the Senate Joint Memorial 1 Health Care Reform Working Group (HCRWG) was called to order on October 4, 2010 at 9:15 a.m. by Debbie Armstrong, chair. After general welcoming remarks, members of the working group introduced themselves.

Present

Debbie Armstrong, Executive Director,
New Mexico Medical Insurance Pool
(NMMIP)
Sen. Sue Wilson Beffort
Rep. Ray Begaye
Rep. Gail Chasey
Kathryn "Katie" Falls, Secretary,
Human Services Department (HSD)
Sen. Dede Feldman
John Franchini, Superintendent,
Insurance Division, Public
Regulation Commission (PRC)
Sen. Gay G. Kernan
Mike Nuñez, Executive Director,
New Mexico Health Insurance
Alliance (NMHIA)
Rep. Danice Picraux
Jessica Sutin, Deputy Secretary,
Department of Health (DOH) (for
Sam Howarth)

Absent

Rep. Keith J. Gardner
Rep. Larry A. Larrañaga
Sen. Howie C. Morales
Sen. Mary Kay Papen

Advisory Members

Sen. Cisco McSorley
Sen. Nancy Rodriguez

Rep. Donald E. Bratton
Sen. Clinton D. Harden, Jr.

Guests

The guest list in the meeting file.

Handouts

Copies of all handouts and written testimony are in the meeting file.

Monday October 4

Minutes from the August 5, 2010 and September 2, 2010 meetings were approved.

Information Technology; Broadband Access; Interface with Medicaid

Secretary Falls stated that a contingent of HSD and Insurance Division employees recently traveled to Seattle to a national meeting regarding health insurance exchanges. The group took advantage of the opportunity to speak to representatives from other states and advisors from the federal Centers for Medicare and Medicaid Services (CMS). Secretary Falls reviewed the multitude of changes in Medicaid eligibility, eligibility procedure requirements and Medicaid system requirements that will be necessitated as a result of the federal Patient Protection and Affordable Care Act (PPACA) and the establishment of a health insurance exchange. Massive changes to the Medicaid eligibility system (ISD2) will be needed to accommodate these new requirements. The current ISD2 system also supports the Supplemental Nutrition Assistance Program (SNAP), the Temporary Assistance for Needy Families (TANF) Program and general assistance programs. The HSD plans to issue a request for proposals in November 2010 and select a contractor in the early spring of 2011 to develop the system changes that are needed. Secretary Falls anticipates that it will take three to four years to replace the current Medicaid system, which must be replaced by 2013 in order to be in compliance with the PPACA. The details regarding many significant issues governing interactions with the exchange are still unknown, but they are expected in the early spring of 2011. Significant implementation issues to be addressed include the development of a single application for Medicaid and the exchange and funding for the replacement of the Medicaid eligibility and enrollment systems. Information technology resources are scarce and will be needed on other projects as well.

Quality, Transparency and Reporting

Dan Derksen, M.D., Center for Community Partnerships, University of New Mexico (UNM), Robert Wood Johnson Foundation health policy fellow, highlighted quality and transparency aspects of the PPACA. The PPACA authorizes the federal secretary of health and human services (HHS) to establish a national strategy and develop a plan by 2011 to improve the delivery of health care services and health outcomes and to improve the health of populations nationwide. Dr. Derksen described measures that are under development for determining health outcomes, coordination of care, meaningful use of health information technology and the safety and effectiveness of care. The Albuquerque Coalition for Healthcare Quality has posted a consumer-friendly version of the HHS's "Hospital Compare" web site on the coalition's web site to increase consumer awareness. It will publish its first ambulatory primary care public report for the Albuquerque area in December. The report will include six nationally endorsed quality measures. Public reporting is expected to improve transparency about the health system for the community.

Dr. Derksen discussed physician quality reporting and financial incentives, which are mandated in the PPACA and are scheduled for implementation in 2015. In addition, a physician

comparison web site will be established in 2011. The PPACA also requires reporting data on patient race, ethnicity and language (R/E/L) with a goal of reducing health disparities by using language services, community outreach and cultural competency training. The Albuquerque Coalition for Healthcare Quality is working with the New Mexico Hospital Association and Albuquerque area hospitals to standardize the collection of R/E/L data to allow for data stratification. In May 2009, Albuquerque joined an elite group of communities by being designated by the Robert Wood Johnson Foundation as an Aligning Forces For Quality (AF4Q) community. The AF4Q effort is being led locally by the Albuquerque Coalition for Healthcare Quality and involves health plans, hospitals, health care providers, employers and consumers. The project is housed in and administrated by the New Mexico Medical Review Association, which is the federally contracted Medicare quality improvement organization for New Mexico.

The PPACA revises Medicare hospital payment standards to establish a hospital value-based purchasing program. The PPACA will work toward creating a coordinating council for comparative effectiveness research. Dr. Derksen noted the importance of a health insurance exchange, which creates a real connection with consumers. He recommended a continuation of the exchange advisory committee and serious, ongoing involvement with a diverse group of stakeholders.

Public Comment

Dick Mason, Health Action New Mexico, recommended that the exchange be a quasi-governmental entity and should assume the role of a strong purchaser with maximum transparency. The federal government should be responsible to pay implementation costs.

Eric Raymond Buckley, doctor of oriental medicine (DoM), spoke on behalf of the New Mexico Society for Acupuncture and Asian Medicine. He would like to provide data regarding DoMs and to offer solutions for the current shortage of physicians and nurses.

Deborah Righter, Righter's Insurance, presented a model for the New Mexico health insurance exchange. She suggested that the exchange should be the state's most sustainable provider of small-group and individual health insurance using the highest quality care delivery systems for New Mexicans.

Shannon House, speaking on behalf of Christian Scientists, sought assurances that religious considerations expressed at the previous HCRWG meeting were received and would be considered. She offered to provide more information to the working group. Ms. House requested that New Mexico find ways to accommodate spiritual, nonmedical care as a treatment option.

William Wiese, M.D., associate director, Robert Wood Johnson Foundation, Center for Health Policy at UNM, expressed concerns over the projected costs associated with the establishment of a health insurance exchange and the lack of cost-containment measures under the PPACA.

Jane Wishner, executive director, Southwest Women's Law Center, suggested that the working group integrate all of the previous advisory work groups' comments into its final report.

Discussion and Recommendations: Health Insurance Exchanges

Karen Wells, researcher, Legislative Council Service, presented an overview of health insurance exchange functions and a matrix of questions to assist the working group members to develop a recommendation regarding the establishment of a New Mexico exchange or exchanges. A health insurance exchange was described as a central organized marketplace that provides one-stop shopping for individuals and small businesses to purchase health insurance and compare rates, benefits and quality among the plans offered. Minimal federally required exchange functions for a market organizer and distributor would include: certification of qualified health plans (QHPs); creation of standardized benefits plans of QHPs; utilization of a standard format to permit comparison shopping; assignment of QHP quality ratings; providing consumer information assistance; determining and coordinating eligibility and enrollment; and program administration. Additional exchange functions that could be included as a contracting agent and active purchaser include: ensuring that QHPs offer the same products inside and outside of the exchange; negotiating actively with plans to ensure the best price for QHPs; considering offering a wider choice of plans to consumers; providing more aggressive consumer information and assistance; broadening public education about provisions of the PPACA; actively educating small businesses about the benefits of an exchange; developing seamless enrollment and premium collection processes; processing applications and enrolling eligible individuals and businesses; actively overseeing rate regulation in cooperation with the Insurance Division; working with health plans to reshape policy; and creating a larger purchasing pool. Principles for exchange design previously put forth by health consumer advocates include an exchange that:

- is consumer-focused and consumer-friendly;
- is flexible and responsive;
- is transparent and accountable;
- is incentivized to promote quality and innovation;
- includes standardization and portability of products;
- is cost-effective and less expensive;
- avoids conflicts of interest;
- is accessible statewide via multiple modalities;
- is coordinated and streamlined; and
- is protected from political winds.

The working group debated the following issues and questions:

- Should New Mexico establish its own health insurance exchange, or should it allow the federal government to establish the exchange for New Mexico? (Establish a New Mexico state exchange.)
- Should New Mexico have one or two exchanges for individuals and small groups? (Establish one exchange with individual and group markets administratively combined, but defer combining of the risk pools.)

- Should New Mexico have two or more regional exchanges within New Mexico? No.
- Should New Mexico join an interstate exchange with one or more other states? (Not initially; however, the potential for sharing resources with other states should be explored.)
- What type of entity should operate an exchange? (A legislatively created, nonprofit quasi-governmental entity.)
- What functions should be included in the exchange? (Options include: the exchange as a market organizer and distributor performing only the federally required functions; or the exchange as a contracting agent and active purchaser performing additional functions. After discussion, a motion was made to support a more robust exchange, including additional functions beyond the federal requirements. Senators Beffort and Kernan were opposed; all other members supported the motion.)

Other Legislative Recommendations; Final Report Content and Format

Ms. Armstrong provided a summary of recommendations made by the various advisory groups throughout the interim. Members of the working group agreed that all summary recommendations should be included in the final report. Ms. Armstrong presented suggested topics and a report format for the final report, which was accepted by the working group members as presented. The members recommended the continuation of the HCRWG to facilitate collaboration with the executive health care reform leadership team and stakeholder advisory groups.

Ms. Armstrong thanked all the members and staff for their contributions. There being no further business, the meeting adjourned at 5:30 p.m.